

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF THE WARREN RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR AN ORDER AUTHORIZING)
SAID CORPORATION TO BORROW \$5,284,000.00 FROM)
THE UNITED STATES OF AMERICA AND TO EXECUTE A)
NOTE OR NOTES FOR SAID SUM TO THE UNITED STATES)
OF AMERICA, AND TO BORROW \$2,384,000.00 FROM THE)
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE)
CORPORATION (CFC) AND TO EXECUTE A NOTE OR NOTES)
FOR SAID SUM TO CFC, THE SAME TO BE SECURED BY)
SUPPLEMENTAL MORTGAGE AND SECURITY AGREEMENT)
DATED AS OF FEBRUARY 3, 1972, AS IT MAY HAVE) CASE NO. 8118
BEEN OR SHALL BE AMENDED OR SUPPLEMENTED FROM)
TIME TO TIME, TO UNITED STATES OF AMERICA AND)
CFC ON THE CORPORATION PROPERTY FOR THE PURPOSE)
OF CONSTRUCTING APPROXIMATELY 214 MILES OF NEW)
LINES, CONVERSIONS AND LINE CHANGES, NEW SUB-)
STATIONS, SUBSTATION CHANGES, NEW TRANSMISSION)
LINES, TRANSMISSION LINE CHANGES, REIMBURSEMENT)
FOR SCADA SYSTEM, MAINTAINING SYSTEM IMPROVE-)
MENTS, AND FOR A CERTIFICATE OF CONVENIENCE AND)
NECESSITY FOR THE PURPOSE SET OUT ABOVE.)

O R D E R

Warren Rural Electric Cooperative Corporation (Warren RECC)
filed its application on January 12, 1981, for a certificate of
convenience and necessity and for authorization to borrow the sum
of five million, two hundred eighty four thousand dollars (\$5,284,000)
from the United States of America Rural Electrification Administration
(REA) and the sum of two million, three hundred eighty four thousand
dollars (\$2,384,000) from the National Rural Utilities Cooperative
Finance Corporation (CFC), and to execute its notes as security
therefor. The funds acquired by these borrowings are to be used to
make system improvements and to extend service to new customers.
These improvements and additions, which are estimated to cost seven
million, five hundred forty eight thousand eight hundred dollars
(\$7,548,000), are more specifically described in the application and

record.

The matter was set for hearing on March 10, 1981, at 2:00 p.m. Eastern Standard Time, in the offices of the Public Service Commission at Frankfort, Kentucky. The hearing was held as scheduled and all parties of interest were allowed to be heard. There were no intervenors and no protests were entered.

The Public Service Commission, after consideration of the application and all evidence of record, and being advised, is of the opinion and FINDS:

1. That the public convenience and necessity require that such construction as is proposed in the application and record be performed and that a certificate of convenience and necessity should be granted.

2. That the proposed borrowings are for a lawful object within the corporate purposes of the utility, are necessary and appropriate for and consistent with the proper performance by the utility of its service to the public, and will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that Warren RECC be and it is hereby granted a certificate of public convenience and necessity to proceed with the construction as set forth in the application and record.

IT IS FURTHER ORDERED that Warren RECC be and hereby is authorized to borrow a sum in the principal amount of \$5,284,000 from REA at the rate of five percent (5%) per annum over a thirty-five (35) year period with payment of principal deferred for three years.

IT IS FURTHER ORDERED that Warren RECC be and it is hereby au-

thorized to borrow a sum in the principal amount of \$2,384,000 from CFC at the initial interest rate of eleven percent (11%) per annum until a date in 1987 to be specified by CFC and the rate to be variable thereafter, over a period of thirty-five (35) years.

IT IS FURTHER ORDERED that Warren RECC be an it is hereby authorized to execute its notes as security for the loans authorized herein.

IT IS FURTHER ORDERED that the proceeds from the proposed borrowings shall be used only for the lawful objects as set out in the application and record.

IT IS FURTHER ORDERED that Warren RECC shall submit semiannual reports to the Commission setting forth in detail the status of the construction authorized herein as well as the status of the funds authorized for said construction.

Nothing herein contained shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 19th day of March, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Voh
Chairman

Katharine Randall
Vice Chairman

Don P. Langston
Commissioner

ATTEST:

Secretary